

***LOCAL CHILD CARE AND DEVELOPMENT
PLANNING COUNCIL
(FLPC)***

CONTRACT REQUIREMENTS

July 1, 2004 – June 30, 2005

PROGRAM REQUIREMENTS
LOCAL CHILD CARE AND DEVELOPMENT PLANNING COUNCIL

It is the intent of the Legislature that local child care and development planning councils shall provide a forum for the identification of local priorities for child care and the development of policies to meet the needs identified within those priorities (*Education Code*, Section 8499.3). It is further the intent of the Legislature that communities implementing new programs or initiatives connect with existing program strategies and build upon existing local collaboratives, when possible, to provide a unified integrated system of service for children and families (*Education Code*, Section 54744)

The following program requirements are provided to assist the designated legal entity in meeting the legislative intent. Each contractor is required, as a condition of its contract with the California Department of Education (CDE), Child Development Division (CDD), to adhere to these requirements and Title 5 Regulations pertaining to Child Development Programs, in addition to all other applicable laws and regulations. Any variance from these requirements, the applicable Title 5 regulations, laws or other regulations could be considered a noncompliance issue and subject the contractor to possible termination of the contract.

A portion of this contract may be funded through a grant from the federal Department of Health and Human Services and subject to Code of Federal Regulations (CFR) 45, Parts 98 and 99, the Child Care and Development Block Grant Act of 1990, as amended, and Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, 42 USC 9858. If the Catalogue of Federal Domestic Assistance (CFDA) number is 93.575 (shown as FC# in the funding block), the fund title is Child Care and Development Block Grant subject to the Child Care and Development Block Grant Act of 1990, the Omnibus Budget Reconciliation Act of 1990, Section 5082, Public Law 101-508, as amended, Section 658J and 658S, and Public Law 102-586.

General Provisions

A. National Labor Relations Board/Federal Court Order

By signing this contract, the contractor swears under penalty of perjury that no more than one final unappealable finding of contempt of court has been issued by a federal court against the contractor within the last two (2) years because of failure to comply with a federal court order for compliance with an order of the National Labor Relations Board (*Public Contract Code*, Section 10296). This provision does not apply to public entities.

B. Notification of Address Change

Contractors shall notify the CDD in writing of any change in mailing address for communication regarding the contract (administrative address) within ten (10) calendar days of the address change. For non-public agencies, the notification must be accompanied with (1) board minutes verifying the change in address and (2) a copy of the notification to the Internal Revenue Service of the address change.

Contractors shall notify the CDD in writing of any proposed change in operating facility address(es) at least thirty (30) calendar days in advance of the change unless such change is required by an emergency such as fire, flood or earthquake.

C. Open Board Meetings

Any private agency receiving public funds under these regulations must, to the extent of the publicly funded program, comply with the Ralph M. Brown Open Meetings Act, *Government Code*, Sections 54950-54961. Board meetings shall be open to the public except for meetings with its designated representatives prior to and during consultations and discussions with representatives of employee organizations regarding the salaries, salary schedules or compensation paid in the form of fringe benefits of employees or to consider the appointment, employment, evaluation of performance or dismissal of an employee or to hear complaints or charges brought against an employee unless such employee requests an open meeting. Minutes of these open meetings shall be available to the public.

D. Issuance and Use of Checks

Except for external payroll services, private contractors shall not use any pre-signed, pre-authorized, or pre-stamped checks without the prior written approval of the CDD.

Private contractors shall require two (2) authorized signatures on all checks unless: (1) the contractor has a policy approved by its governing board requiring dual signatures only on checks above a specified dollar amount and (2) the annual audit verifies that appropriate internal controls are maintained.

E. Prohibition Against Loans and Advances

Contractors shall not loan contract funds to individuals, corporations, organizations, public agencies or private agencies. Contractors shall not advance unearned salary to employees. Contractors shall not make advance payments to subcontractors and shall compensate subcontractors after services are rendered or goods are received except subcontractors with subcontracts exempt from the provisions of subcontractors as outlined in Title 5 California Code of Regulation, Chapter 19, Section 18019(c).

F. Materials Developed with Contract Funds

If the contractor receives income from materials developed with contract funds, the use of the income shall be restricted to the child development program. If the materials were developed in part with contract funds, the income from the sale of the materials that shall be used in the child development program shall be computed in direct proportion to the share of contract funds used in development of the materials.

Materials developed with contract funds shall contain an acknowledgement of the use of State funds in the development of materials and a disclaimer that the contents do not necessarily reflect the position or policy of the CDE.

G. Contractor's Termination for Convenience

1. General Termination for Convenience

A contractor may terminate the contract for any reason during the contract term. The contractor shall notify the CDD of its intent to terminate the contract at least ninety (90) calendar days prior to the date the contractor intends to terminate the contract.

Within fifteen (15) days from the date the contractor notifies the CDD of its intent to terminate the contract, the contractor shall submit a current inventory of equipment purchased in whole or in part with contract funds.

Upon receipt of a notice of intent to terminate, the CDD will transfer the program to another agency as soon as practicable.

The State shall only be obligated to compensate the contractor for net reimbursable program costs in accordance with this contract through the date of termination. There shall be no other compensation to the contractor. The State shall offset any monies the contractor owes the State against any monies the State owes under this contract.

2. Changes in Laws or Regulations

The CDD shall notify contractors in writing of changes in laws or regulations prior to the effective date or as soon as possible after enactment. If any laws or regulations are changed substantially during the contract period, the contractor shall have the option to discontinue performance and be relieved of all obligations for further performance.

The contractor has thirty (30) calendar days from receipt of notification of pending changes to notify the CDD in writing of the contractor's intent to terminate if the required changes are unacceptable to the contractor. The contract shall be deemed terminated sixty (60) calendar days after receipt of the notification of the intent to terminate.

H. Applicability of Corporations Code

Except for partnerships and sole proprietorships, private contractors shall be subject to all applicable sections of the *Corporations Code* including standards of conduct and management of the organization.

I. Conflicts of Interest

For any transaction to which the contractor is a party and the other party is: (a) an officer or employee of the contractor or of an organization having financial interest in the contractor; or (b) a partner or controlling stockholder or an organization having a financial interest in the contractor; or (c) a family member of a person having a financial interest in the contractor, the transaction(s) shall be fair and reasonable and conducted at arm's length.

Based on corporate law (*Corporations Code*, Sections 310, 5233-5234, 7233 and 9243 as applicable) the general rules that would be followed to ensure that transactions are conducted "at arm's length" include: (1) prior to consummating the transaction, the governing body should authorize or approve the transaction in good faith and the board should require the interested party, or parties, to make full disclosure to the board both in writing and during the board meeting where the transaction is being discussed and (2) all parties having a financial interest in the transaction should refrain from voting on the transaction and it should be so noted in the board minutes.

Rental costs under less-than-arms length leases are allowable only up to the amount that would be allowed had title to the property vested in the organization. For this purpose, a less-than-arms-length lease is one under which one party to the lease agreement is able to control or substantially influence the action of the other. Such lease include, but are not limited, to those between (i) divisions of an organization; (ii) organizations under common control through common officers, directors, or members; and (iii) an organization and a director, trustee, officer, or key employee of the organization or his immediate family either directly or through corporations, trust, or similar arrangements in which they hold a controlling interest. If the property is owned by the organization, allowable cost would include use allowance or depreciation only. If the property, is owned by the contractor

rental costs are not reimbursable and costs may be claimed only as depreciation or use allowance. (Center-based programs only – If the property is owned by the organization, allowable cost would include use allowance or depreciation only. If the property is owned by the contractor, rental costs are not reimbursable and costs may be claimed only as depreciation or use allowance.) Any transaction described in this paragraph shall be disclosed by the auditor in the notes to the financial statement in the annual audit.

Rental costs for equipment owned by affiliated organizations, officers or other key personnel of the contractor or their families are allowable only as use or depreciation allowance.

J. Equipment

1. Inventory

Property records must be maintained that include a description of the equipment, serial number or other identification number, the source of the equipment, the acquisition date, the cost of the equipment, the location, use and condition of the equipment and any ultimate disposition date including date of disposal and sale price if applicable. A physical inventory of equipment must be taken at least every two years and reconciled with property records. A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft (any loss, damage or theft must be investigated) and adequate maintenance procedures must be developed to keep the equipment in good condition.

2. Purchases

All equipment purchases in excess of seven thousand five hundred dollars (\$7,500) per item (including tax) shall be approved in writing in advance by the CDD. In determining if an equipment purchase exceeds the threshold, all expenses associated with a purchase that are necessary for it to perform the intended purpose should be included in calculating the purchase cost. Example: A computer system could include, but is not limited to, individual items such as a central processing unit (CPU), computer monitor, computer stand, modems, disk drives, software, printer, etc. or hardware and software to install a local area network (LAN) system.

All purchases are subject to subcontract provisions in Section K below.

Equipment replacement and lease-purchase agreements are subject to the above requirements.

3. Title, Use, Disposition and Retention

- a) Title - When equipment is purchased with State funds, title shall vest in the contractor only for such period of time as the contractor has a contract with the CDD.
- b) Retention - The CDD may provide written authorization for the contractor to retain the equipment for the contractor's own use if a fair compensation is paid to the State for the State's share of the cost of the equipment. Fair compensation shall be determined as prescribed in Title 5 California Code of Regulations, Chapter 19, Section 18025(b).

- c) Use - When equipment is purchased in whole or in part with State funds, the contractor shall use the equipment exclusively in the program(s) from which funds were used to purchase the equipment. If the contractor wishes to share the use of the equipment between/among two (2) or more programs, the cost of such equipment shall be prorated between/among the programs.
- d) Disposition -The contractor may dispose of obsolete equipment and remove the asset as its recorded value. If the sale of the equipment originally purchased with State funds occurs, the proceeds from the sale of the equipment must be returned to the program. If the contractor no longer has a contract with the CDE, the contractor shall dispose of the equipment in accordance with written directions from the CDD.

K. Subcontracts

1. Subcontracts Excluded from Requirements of this Section

The following types of relationships are not subject to the requirements contained in this section: (1) employment agreements; (2) facility rental or lease agreements; (3) payment arrangements with providers; (4) medical or dental service agreements; (5) bookkeeping/auditing agreements, except for contractors that fall under the provisions of Section K.2 below; (6) janitorial and groundskeeping agreements; (7) a subcontract with a public agency; and (8) subcontracts with an individual for less than ten thousand dollars (\$10,000.00), except for contractors that fall under the provisions of Section K.2 below.

All subcontracts, rental agreements, and other contractual arrangements should include a termination for convenience clause permitting termination of such agreements without cost to the contractor.

2. Bids for Subcontracts

Private contractors shall obtain at least three (3) bids or estimates for subcontracts that exceed five thousand dollars (\$5,000). The subcontract shall be awarded to the lowest responsible bidder. If three (3) bids or estimates cannot be obtained, the private contractor shall maintain documents that establish the reasons why three bids or estimates could not be obtained and the reasonableness of the proposed expenditure without three bids or estimates. Public agencies shall award subcontracts in accordance with the *Public Contract Code*. The contractor shall not split subcontracts to avoid competitive bidding requirements.

Subcontracts for auditing and/or bookkeeping services shall be rebid and changed every five (5) years unless retention of the same auditor is approved by the CDE's Office of External Audits.

3. Required Subcontract Provisions

Every subcontract shall specify:

- a. The dates within which the subcontractor is to perform the contract. The time for subcontractor performance shall not begin prior to, nor shall the time extend beyond, the time period of the contract between the contractor and the State.

- b. The dollar amount of the subcontract or specify an amount not to exceed a maximum dollar amount.
- c. The service(s) to be provided under the subcontract.
- d. The responsibilities of each party under the subcontract.
- e. That the subcontractor, and the agents and employees of the subcontractor, in the performance of the subcontract, are acting in an independent capacity and not as officers or employees or agents of the State of California.
- f. That modifications of the subcontract shall be in writing, and that for subcontracts in excess of the amount stated in the annual child development contract, prior written CDD approval is required unless the subcontract is otherwise exempt from prior CDD approval.
- g. That the subcontract is the complete and exclusive statement of the mutual understanding of the parties and that the subcontract supersedes and cancels all previous written and oral agreements and communications relating to the subject matter of the subcontract.
- h. Remedies, in case of a breach of contract, for subcontracts in excess of ten thousand dollars (\$10,000).
- i. That the State of California retains title to any equipment or supplies purchased with State funds and that the equipment shall be returned to the contractor upon termination of the subcontract. The subcontract shall also specify that the subcontractor shall obtain prior written approval from the contractor and the CDD for any unit of equipment that costs in excess of seven thousand five hundred dollars (\$7,500).
- j. That the subcontractor shall be reimbursed for travel and per diem expenses only at rates that do not exceed the rates paid to the CDE's nonrepresented employees computed in accordance with State Department of Personnel Administration regulations, Title 2 California Code of Regulations, Subchapter 1.
- k. That the subcontractor agrees to indemnify and hold harmless the State of California, its officers, agents and employees from any and all claims and losses occurring or resulting to any and all contractors, subcontractors, materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials or supplies in connection with the performance of the subcontract, and from any and all claims and losses occurring or resulting to any person, firm or corporation that may be injured or damaged by the subcontractor in the performance of the subcontract.
- l. For management and/or direct service subcontracts, the subcontractor shall maintain records for program review, evaluation, audit and/or other purposes and make the records available to agents of the State for a period of five (5) years.
- m. The provisions of the "Nondiscrimination Clause" included in the prime contract as specified in Title 2 California Code of Regulations, Chapter 5, Section 8107.

4. Recommended Subcontract Provisions

The following items are suggested for inclusion in subcontracts to protect the interests of the contractor:

- a. Funding of the subcontract should be made subject to the appropriation and availability of funds from the State.
- b. All subcontracts should contain a provision that the subcontractor is liable for any audit exception caused by, or as a result of, the subcontractor's lack of performance as required by the subcontract.

- c. The subcontract should provide that the subcontractors, its agents and employees, in the performance of the subcontract, are acting in an independent capacity and not as agents or employees of the contractor.
- d. Unless exempt from CDD approval above, subcontracts for ten thousand dollars (\$10,000) or more cannot become effective and binding on either the prime contractor or the subcontractor until approved in writing by the CDD, and any work performed by the subcontractor prior to the date of such approval shall not be used as a claim against the State.
- e. The consideration paid to the subcontractor, as provided in the subcontract, should be stated to be the full compensation for all the subcontractor's expenses incurred in the performance of the subcontract.

5. Audit Requirements for Subcontracts

Subcontracts for management and/or direct services shall be audited in accordance with the CDE Audit Guide. The cost of the audit shall be reimbursable and shall be borne by the contractor either directly or as an allowance in the subcontract. The audit of the subcontract shall be submitted to the CDE's Office of External Audits as follows:

- a. School districts, county offices of education and community colleges shall submit the audit by November 15, 2005 for subcontracts performed during the 2004-05 contract period.
- b. All other contractors shall submit the subcontract audit along with the contractor's audit as specified in Accounting Requirements Section below.

L. Americans with Disabilities Act

By signing this contract, the contractor assures the CDE that it shall comply with the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101 et seq.) as well as all applicable federal and state laws and regulations, guidelines and interpretations issued thereto.

M. Air or Water Pollution Violations (*Government Code*, Section 4477)

By signing this agreement, the contractor swears under penalty of perjury that the contractor is not: (1) in violation of any order or resolution not subject to review promulgated by the state Air Resources Board or an air pollution control district; (2) subject to a cease and desist order not subject to review issued pursuant to Section 13301 of the *Water Code* for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution. This provision does not apply to public agencies.

N. Recycled Paper Certification (*Public Contract Code*, Section 10308.5/10354)

The contractor agrees to certify in writing to the CDE, under penalty of perjury, the minimum, if not exact, percentage of recycled content, both post consumer material and secondary material as defined in *Public Contract Code*, Sections 12161 and 12200, in materials, goods or supplies offered or products used in the performance of the contract, regardless of whether the product meets the required recycled product percentage as defined in Sections 12161 and 12200. The contractor may certify that the product contains zero recycled content.

O. Child Support Compliance (*Public Contract Code*, Section 7110)

By signing this agreement, the contractor acknowledges that (a) it recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement including, but not limited to, disclosure of information and compliance with earnings assignment orders as provided in Chapter 8 (commencing with Section 5200) of part 5 of Division 9 of the *Family Code*; and (b) to the best of its knowledge it is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

P. Unlawful Denial of Services (*Government Code*, Section 11135)

1. No person in the State of California shall, on the basis of ethnic group identification, religion, age, sex, color, or disability, be unlawfully denied the benefits of, or be unlawfully subjected to discrimination under, any program or activity that is funded directly by the state or receives any financial assistance from the state.
2. With respect to discrimination on the basis of disability, programs and activities subject to subdivision (a) shall meet the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof, except that if the laws of this state prescribe stronger protections and prohibitions, the programs and activities subject to subdivision (a) shall be subject to the stronger protections and prohibitions.
3. As used in this section, "disability" means any of the following with respect to an individual: (a) a physical or mental impairment that substantially limits one or more of the major life activities of the individual, (b) a record of an impairment as described in paragraph (a), or (c) being regarded as having an impairment as described in paragraph (a).

Q. Q. Computer Software Copyright Compliance

By signing this agreement, the contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this contract for the acquisition, operation or maintenance of computer software in violation of copyright laws.

R. Union Organizing and Activities

1. Contractor by signing this agreement hereby acknowledges the applicability to this agreement of *Government Code*, Section 16645 through Section 16649.
 - a. Contractor will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
 - b. No state funds received under this agreement will be used to assist, promote or deter union organizing.
 - c. Contractor will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors if the purpose of such meetings is to assist, promote, or deter union organizing, unless the state property is equally available to the general public for holding meetings.

- d. If the contractor incurs costs or makes expenditures to assist, promote or deter union organizing, the contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs. The contractor shall provide these records to the Attorney General upon request.
2. Contractor hereby certifies that no request for reimbursement or payment under this agreement will seek reimbursement for costs incurred to assist, promote or deter union organizing.

Program Requirements

A. Responsibilities of the County Board of Supervisors (CBS) and County Superintendent of Schools (CSS)

Pursuant to statutes, *Education Code*, Sections 8499.3 and 8499.5, both county boards of supervisors (CBS) and county superintendents of schools (CSS) are mandated to be involved in the local child care planning process. Specifically, the CBS and CSS are directed to:

- appoint members to the LPC according to the guidelines prescribed in statute;
- publicize their intention and invite local organizations to submit nominations before selecting the members;
- establish the term of appointments for the members of the LPC;
- approve the priorities that are developed by the LPC for submission to the California Department of Education (CDE), for new state and federal child care funding for the county;
- approve the results of the needs assessment developed by the LPC prior to submission to the CDE;
- identify member(s), as prescribed in *Education Code*, Section 8499.5, to serve as part of the team that reviews and scores contract child care service applications submitted to the CDE.

B. Membership of the Local Planning Council (LPC)

The statute provides guidelines for the composition of the LPC membership and how appointments are made. The statute specifically requires that every effort should be made by the appointing agencies to assure that the ethnic, racial, and geographic composition of the LPC is reflective of the population of the county. Members shall be appointed from each of the five following categories of representation:

- 20 percent consumers, defined as a parent or person who receives, or who has received within the past 36 months, child care services.
- 20 percent child care providers, defined as a person who provides child care services or represents persons who provide child care services.
- 20 percent public agency representatives, defined as a person who represents a city, county, city and county, or local education agency.
- 20 percent community representatives, defined as a person who represents an agency or business that provides private funding for child care services, or who advocates for child care services through participation in civic or community-based organizations but is not a child care provider and does not represent an agency that contracts with the CDE to provide child care and development services.

- The remaining 20 percent are to be appointed from any of the above categories or outside of these categories at the discretion of the appointing agencies.

The CBS and CSS are each to appoint one-half of the LPC members. In the case of uneven membership, both appointing entities will agree on the odd-numbered appointee.

No member of the LPC shall participate in a vote if he or she has a proprietary interest in the outcome of the matter.

The LPC is required to adhere to the requirements in the Ralph M. Brown Act; *Government Code*, Sections 54950-54963, in the conduct and public notification of LPC meetings scheduled.

C. LPC Responsibilities

When legislation does not identify specific target populations or geographic areas to be served in allocating expansion funds, the CDD will use the LPC priorities for the purpose of allocating new state and federal funds within each county. Priorities shall be submitted in accordance with *Education Code*, Section 8499.5.

The priorities shall be identified in a manner that ensures that all child care needs in the county are met to the greatest extent possible. To accomplish this, the LPC shall do all of the following:

1. Elect a chair
2. Employ, as an LPC Coordinator, staff person(s) equivalent to at least one full-time position. The LPC Coordinator shall assist the LPC in meeting the mandates set forth in Title 1, Division 1, Part 6, Chapter 2.3 of the *Education Code*. Additionally, the LPC shall employ support staff as deemed necessary to meet LPC roles and responsibilities.
3. Conduct an assessment of child care needs at least once every five years. The needs assessment shall meet the requirements as specified in *Education Code*, Section 8499.5(b).
4. Document information gathered during the needs assessment which shall include, but need not be limited to, data on supply, demand, cost, and market rates for each category of child care in the county.
5. Submit the results of the needs assessment and the local priorities identified by the LPC to the CBS and CSS for approval before submitting them to CDE.
6. Prepare a comprehensive countywide child care plan designed to mobilize public and private resources to address identified needs.
7. Encourage public input in the development of the priorities. Opportunities for public input shall include at least one public hearing during which members of the public can comment on the proposed priorities.
8. Conduct a periodic review of child care programs funded by the CDE and CDSS to determine if identified priorities are being met.

9. Collaborate with all interested parties, including, but not be limited to, subsidized and non-subsidized child care providers, county welfare departments, human service agencies, regional centers, job training programs, employers, integrated child and family service councils, local and state children and families commissions, parent organizations, early start family resource centers, family empowerment centers on disabilities, and local child care resource and referral programs, to foster partnerships designed to meet local child care needs.
10. Facilitate community-based efforts to coordinate part-day programs, including state preschool and Head Start, with other child care and development services to provide full-day, full-year child care and development services based on guidelines and funding models approved by state and federal agencies.
11. Develop and implement a training plan to provide increased efficiency, productivity, and facilitation of LPC meetings.

D. Contract Period

The contract period shall be July 1, 2004 through June 30, 2005 (12-month contract).

E. Costs and Reimbursement

These funds shall not be used for any purpose considered nonreimbursable pursuant to Title 5 California Code of Regulations, Chapter 19, Section 18035.

1. Nonreimbursable Costs

The following costs shall not be reimbursable under the child development contract:

- a) Bad debts, including losses arising from uncollectible accounts and any related legal costs. Uncollected parent fees are not considered to be bad debts if documentation of collection attempts exists;
- b) Contributions;
- c) Costs of amusement or entertainment;
- d) Costs of fines or penalties;
- e) Costs incurred after the contract has been terminated;
- f) Investment management costs;
- g) Costs of organization of a nonprofit corporation such as incorporation fees or consultant fees;
- h) Public relations consultant fees;
- i) Costs of legal, consulting and accounting services incurred in prosecution of claims against the State;
- j) State and federal income taxes;
- k) Bonuses unless part of a collective bargaining agreement;
- l) Compensation to the members of the board of directors except for: (1) reimbursement for travel and/or per diem, computed in accordance with Title 5 California Code of Regulation, Chapter 19, Section 18034, incurred while the members are conducting business for the organization; and (2) as provided in the *Corporation Code*, Section 5227, et seq.;
- m) Costs of subcontracts which increase the contractor's cost or subcontracts which contain a provision for reimbursement for cost-plus-a-percentage-of-costs;
- n) Costs incurred in prior or future years.

2. Reasonable and Necessary Costs

Contractors will be reimbursed for actual costs that are reasonable and necessary to the performance of the contract. The funds apportioned by CDE to the LPC must be used to supplement and not supplant any local efforts to increase collaboration of child care agencies and children's service interest groups that may already be in place.

3. Indirect Costs

Costs should be accounted for and reported directly whenever possible. In situations where costs cannot be attributed directly, an indirect cost rate may be charged to these contract funds. The maximum indirect cost rate is 8 percent or, for county offices of education, the CDE-approved rate if it is less than 8 percent. The rate is applied to budget categories 1000-5000 only in determining the amount of indirect costs that are reimbursable under the contract. Indirect costs may be computed and reported **only** if a written cost allocation plan is approved and on file in CDE.

4. Administrative Costs

Reimbursement of administrative costs shall not exceed fifteen percent (15%) of net reimbursable costs or actual administrative costs, whichever is less. The fifteen percent (15%) includes any allowance for indirect costs and audits. Contractors shall maintain written documentation of the rationale used in determining direct administrative costs.

5. Costs for Travel and Per Diem

Contractors and subcontractors shall be reimbursed for travel and per diem expenses at rates not exceeding those amounts paid to the CDE's represented employees computed in accordance with State Department of Personnel Administration (DPA) regulation, Title 2 California Code of Regulation, Subchapter 1. Contractors with collective bargaining agreements allowing higher rates of reimbursement shall not pay the difference out of contract funds. The CDD shall notify the contractor of a change in expense rates within thirty (30) calendar days after the CDD has received notification of a change in rates from the State Department of Personnel Administration. Contractors shall be reimbursed for out-of-state travel expenses only with prior written approval from the CDD.

Net reimbursable program costs must be incurred during the contract period. Contractors shall not use current year contract funds to pay prior or future year obligations.

The CDD shall recoup any payments made for costs which were not reasonable and necessary. The amount that is recouped shall be the excess payment for goods and services over the reasonable or fair market value of such, or one hundred percent (100%) of the cost, if the cost was not necessary.

F. Accounting Requirements

Contractors shall follow the accounting procedures specified in the most recent edition of the California School Accounting Manual. Contractors shall report expenditures on an accrual basis.

All contractors shall establish a fund to be known as the "Child Development Fund" as specified in *Education Code*, Section 8328, except that private contractors shall establish the fund in a federally insured banking institution located in California. Contractors with multiple funds sources shall establish separate program cost accounts for each source of funds.

If the contractor places advanced contract funds in an interest bearing account, the interest bearing account shall be a separate account within the Child Development Fund. Interest may be retained by the contractor if it is expended on reimbursable costs.

All records shall be retained for a minimum period of five (5) years. Claims for reimbursement shall not be paid unless there are documents to support the claims. The contractor has the burden of supporting claims for reimbursement.

Authorized representatives of the State shall be allowed access to all program related or fiscal records during normal work hours.

G. Local Contribution

Each contractor shall contribute a maintenance of effort, in the form of monetary and/or in-kind services, equal to 25% of the annual 1998/99 LPC grant award amount. The local contribution for this contract is shown on the face sheet (first page). This amount must be reported on the CD-6003 Quarterly Expenditure Report and the CDFS 9529 Expenditure and Revenue Report Form in Section I–Revenue under Maintenance of Effort.

H. Reporting Requirements and Other Critical Dates

The following is a listing of required activities and due dates that the contractor must adhere to during the contract period. Failure to comply with these requirements may be considered a noncompliance issue and subject the contractor to possible termination of the contract.

Activities Timeline

Report/Activity	Due Date	Reporting Period
Fiscal Plan	September 30, 2004	Fiscal Year 2004-05
CD-6002 Quarterly Summary of Activities Report	1 st Qtr: October 20, 2004 2 nd Qtr: January 20, 2005 3 rd Qtr: April 20, 2005 4 th Qtr: July 20, 2005	Jul. 1, 2004 – Sep. 30, 2004 Oct. 1, 2004 – Dec. 31, 2004 Jan. 2, 2005 – Mar. 31, 2005 Apr. 1, 2005 – Jun. 30, 2005
CD-6003 Quarterly Expenditure Report	1 st Qtr: October 20, 2004 2 nd Qtr: January 20, 2005 3 rd Qtr: April 20, 2005 4 th Qtr: July 20, 2005	Jul. 1, 2004 – Sep. 30, 2004 Jul. 1, 2004 – Dec. 31, 2004 Jul. 1, 2004 – Mar. 31, 2005 Jul. 1, 2004 – Jun. 30, 2005
CD-3020 Certification Statement Regarding Composition Of LPC Membership	January 20, 2005	
Changes to: • bylaws • previously submitted needs	Within 4 weeks after approval	

assessments • comprehensive countywide child care plan		
Attend periodic Technical Support Meetings (LPC Coordinator Meetings)	July 2004 October 2004 February 2005 May 2005	Times and locations will be announced
CD-3022 LPC County Priorities Report	May 30, 2005	For use in allocating 2004-05 Expansion Funding
CDFS 9529 Revenue and Expenditure Report	July 20, 2005	July 1, 2004 – June 30, 2005

The **Expenditure and Revenue Report Form (CDFS 9529)** shall be submitted directly to your assigned fiscal analyst at:

California Department of Education
Child Development Fiscal Services
1430 N Street, Suite 2213
Sacramento, CA 95814

The **Summary of Activities Report (CD-6002)** may be submitted electronically to:
gromozen@cde.ca.gov

All other reports shall be submitted to:

California Department of Education
Child Development Division
Local Planning Council Team
1430 N Street, Suite 3410
Sacramento, CA 95814